

Message Text

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ORIGIN COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 /014 R

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P 182148Z JUL 75

FM SECSTATE WASHDC

TO AMCONSUL RIO DE JANIERO PRIORITY

AMCONSUL SAO PAULO

INFO AMEMBASSY BRASILIA PRIORITY

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E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: PRODUCT OPPORTUNITY: PAPER MAKING MACHINERY

1. USDOC HAS BEEN ADVISED BY BELOIT CORP. THAT DEVELOPMENT BANK OF BRAZIL (BNDE) IS OFFERING VERY ATTRACTIVE TERMS TO INDUCE FOREIGN INVESTMENT FOR THE MANUFACTURE OF PAPER MAKING MACHINERY.

2. MILTON PILAO OF PILAO ACOS E. REFINADORES LTDA SAO PAULO BETOIT'S FORMER LICENSEE FOR SMALL PAPER STOCK PREPARATION EQUIPMENT REPORTS TO BELOIT OF AN ASSOCIATION BETWEEN VALMET OF FINLAND AND ZANINI S.A EQUIPAMENTOS PESADOS OF SAO PAULO FOR MACHINERY MANUFURING PURPOSES AND REQUESTED BELOIT'S COMMITMENT WITH HIM FOR SAME PURPOSE.

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3. BELOIT IS PREPARED TO DISCUSS POSSIBILITIES OF SUCH VENTURE BUT CANNOT MAKE A COMMITMENT ON ACCELERATED TIME BASIS AS DEMANDED BY PILAO BUT PLAN TO MEET WITH PILAO IN USA JULY 25 AND NEEDS TO KNOW THE FOLLOWING AS SOON

BEFORE THE 25 AS POSSIBLE.

4. IS GOB REQUIRING COMPETITION TO EXISTING PAPER
MACHINERY MANUFACTURES SUCH AS VOITH S.A. AND CIA FEDERAL
DE FUNDICAO?

5. SPECIFICALLY HOW AND TO WHAT EXTENT IS GOVERNMENT OR
DEVELOPMENT BANK OR OTHER FINANCING OFFERED.

6. DOES THE GOVERNMENT CONTEMPLATE A RESTRICTION ON THE
NUMBER OF NEW COMPETITORS ALLOWED, THAT IS, EITHER VALMET
OR BELOIT OR IS THERE ROOM FOR BOTH IN THEIR PLANS.

7. CAN YOU DETERMINE THE NECESSITY OF PILAO'S INVOLVE-
MENT? DOES HE HAVE A PREFERRED POSITION? MUST BELOIT
GO WITH HIM OR COULD THEY CHOOSE TO GO ALONE OR WITH
SOME OTHER BRAZILIAN COMPANY.

8. ARE THERE CONDITIONS ATTACHED TO THE PROGRAM SUCH AS
TIME LIMIT FOR DECISION OR INVESTMENT, MINIMUM AMOUNT OF
INVESTMENT, GOB AID OR PARTICIPATION, DIRECT OR INDIRECT,
SPECIAL TAX OR OTHER INDUCEMENTS AVAILABLE .

9. BELOIT WILL APPRECIATE ALL POSSIBLE HELP IN HAVING
ANSWERS TO THE ABOVE AS SOON AS POSSIBLE AND ARE PREPARED
TO VISIT BRAZIL IF NECESSARY BUT WOULD PREFER DELAYING
VISIT UNTIL LATER. AFTER MEETING WITH PILAO. FYI.
BELOIT CORP IS LEADING U.S. FIRM OF PAPER MAKING
MACHINERY LOCATED IN BELOIT WISCONSIN. FYI. KISSINGER

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